

# 2019-20 BUDGET

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Governing Board Presentation

February 7, 2019

# Governor's Proposed Budget for Education

- Local Control Funding Formula (LCFF) with 3.46% Cost of Living Adjustment
- One-time CalSTRS Relief for School Employers
- One-time fund for the Full-Day Kindergarten Facilities – CUSD may not be qualified due to having a fully implemented full-day Kindergarten program

# What's Not in the Education Budget?

- Over the course of the legislative hearings, additional specificity is expected for:
  - The Special Education proposals
  - The Early Childhood Education proposals
- While new funding is provided for Special Education, funding for equalization of rates is not included in the Budget
- The Budget does not provide any funds for one-time discretionary grants

What do these proposals mean  
for Campbell Union School District?

# Local Control Funding Formula

- 3.46% increase on Base, Supplemental and Concentration Funding
- Grade span adjustments (GSAs) for smaller average class sizes are applied as percentage increases against the adjusted base grant, also receiving the benefit of a 3.46% COLA in 2019-20

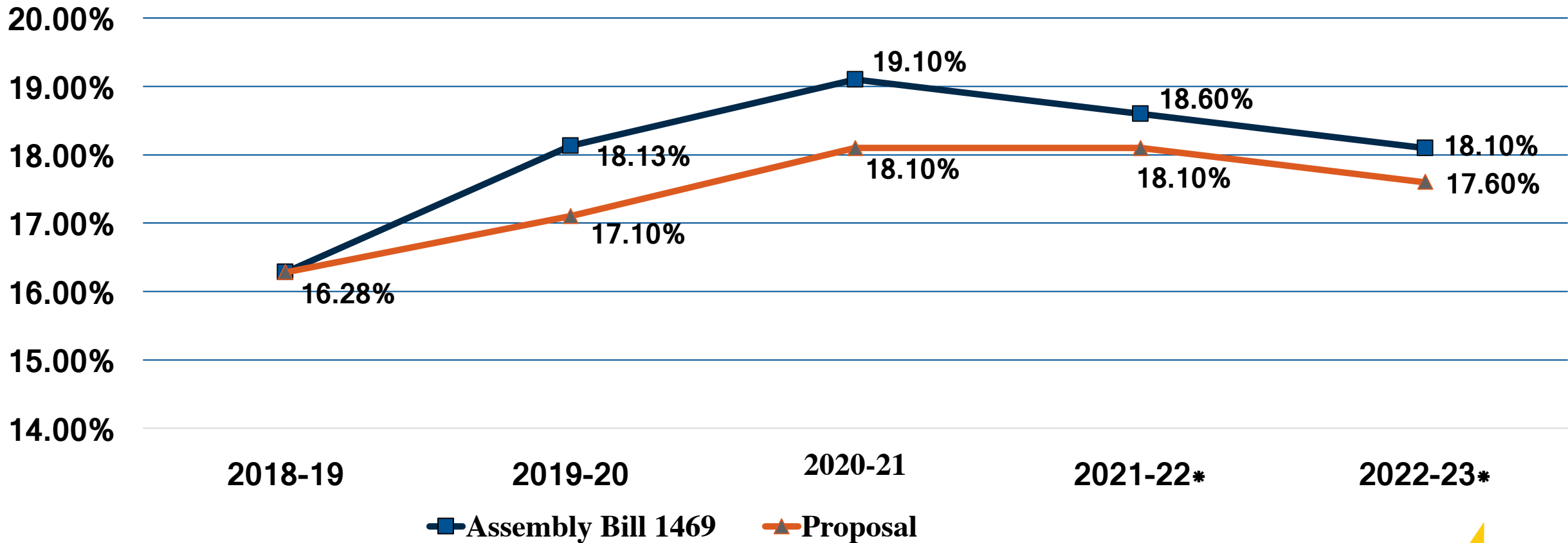
<b>Grade Span</b>	<b>2019-20 Adjusted Grants Per ADA</b>	<b>20% Supplemental Grant – Total UPP</b>	<b>50% Concentration Grant – UPP Above 55%</b>
<b>K-3</b>	<b>\$8,520</b>	<b>\$1,704</b>	<b>\$4,260</b>
<b>4-6</b>	<b>\$7,833</b>	<b>\$1,567</b>	<b>\$3,917</b>
<b>7-8</b>	<b>\$8,066</b>	<b>\$1,613</b>	<b>\$4,033</b>

# What Does the LCFF Mean for CUSD?

	2018-19	2019-20	2020-21	2021-22
<b>COLA</b>	3.70%	3.46%	2.86%	2.92%
<b>Funded ADA</b>	7,035	7,004	6,899	6,802
<b>LCFF Revenue</b>	\$72,439,163	\$74,023,634	\$74,825,002	\$75,802,437
<b>Increase From Prior Year</b>		\$1,584,471	\$801,368	\$977,435

# CalSTRS Employer Contribution Rates

## Current Law Versus Governor's Proposal



\*Beginning in 2021-22, the CalSTRS Board has authority to increase/decrease the employer contribution rate (with some restrictions) to fully fund the unfunded liability by 2046

# Discretionary Grant Funding

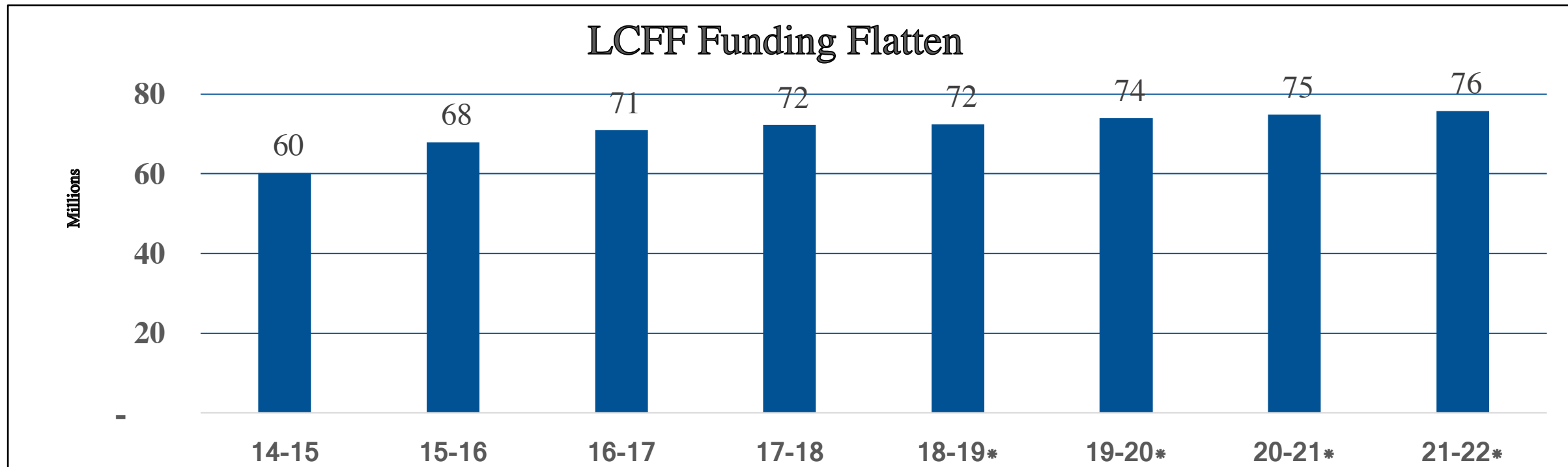
- During the last four years of the economic recovery, school districts have received huge one-time discretionary grants
  - 2018-19: \$184 per ADA (\$1.21M)
  - 2017-18: \$147 per ADA (\$1.06M)
  - 2016-17: \$214 per ADA (\$1.57M)
  - 2015-16: \$530 per ADA (\$3.91M)
- In contrast, the Governor's Budget does not propose any discretionary grant funding for 2019-20



# Challenges Ahead

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- District will continue to face budget challenges as the Local Control Funding Formula (LCFF) funding flattens and costs rise

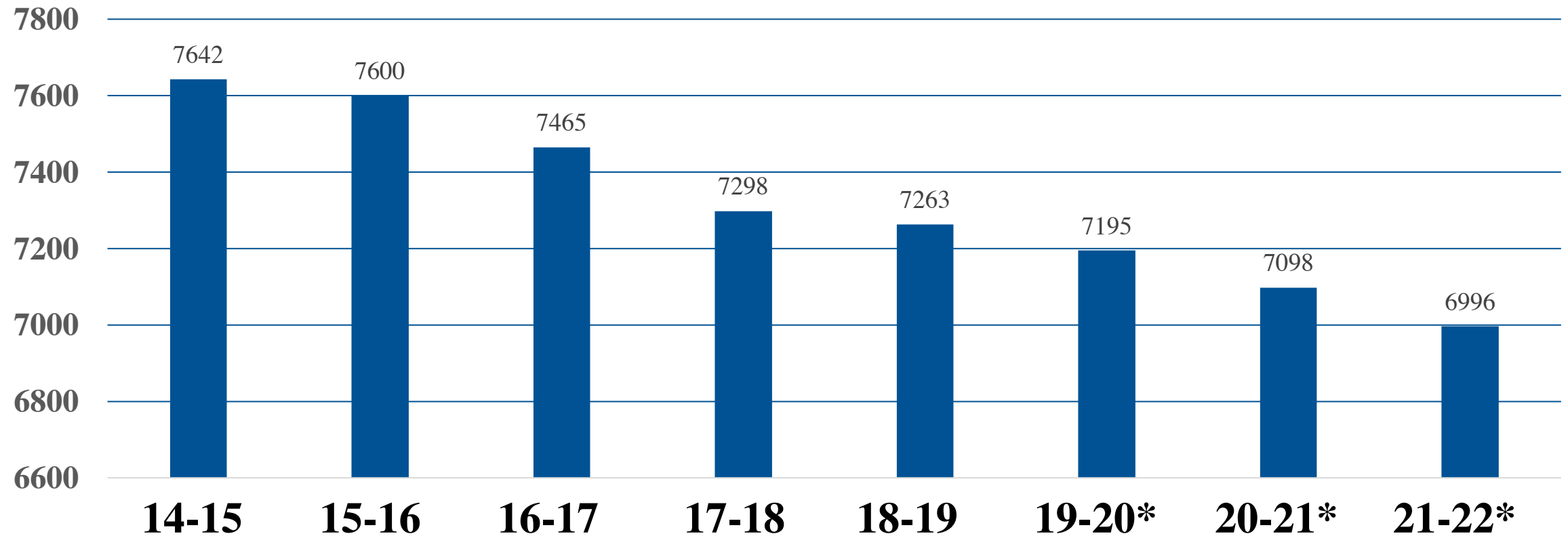


Estimated 2019-20 General Fund cost increase will be appx. \$1.28 M and the increase of unfunded Special Education expenses \$1.60 M. The total costs rise by \$2.88M.

\* Budgeted/Projected

# Challenges Ahead

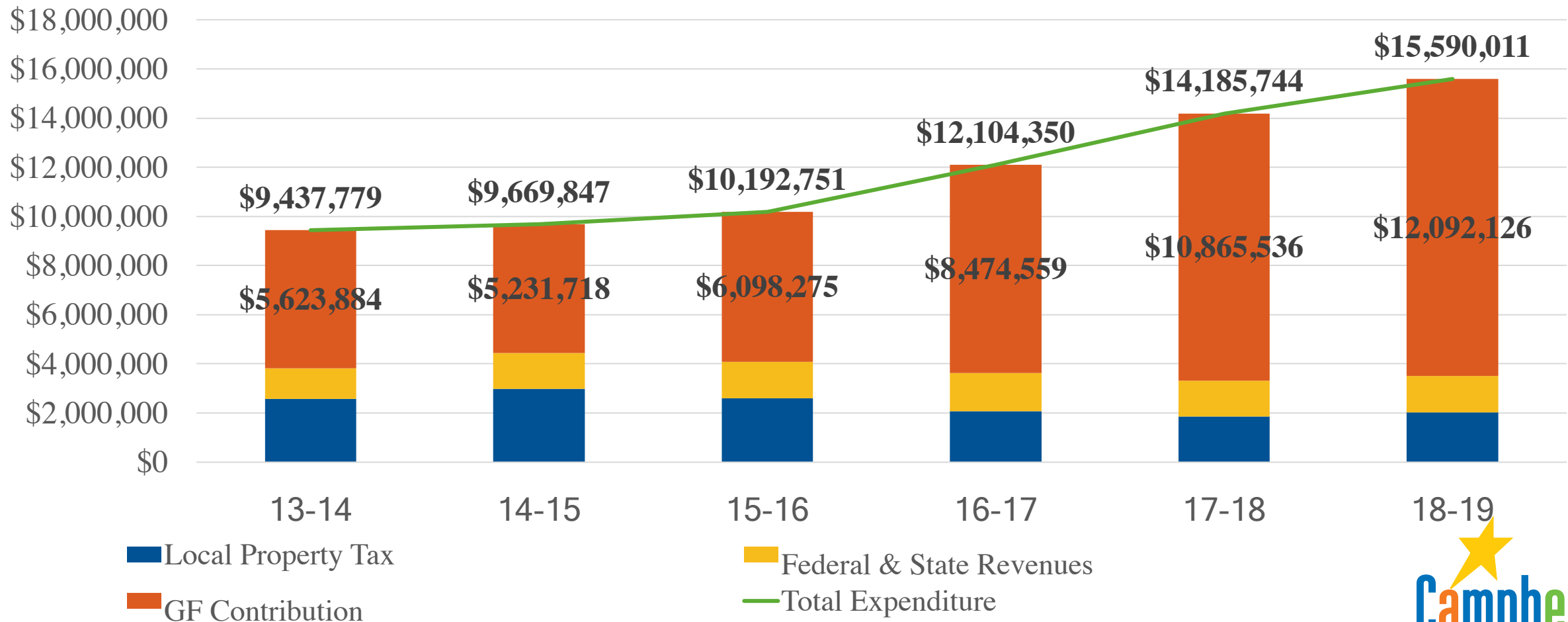
## District Declining Enrollment



\* Budgeted/Projected

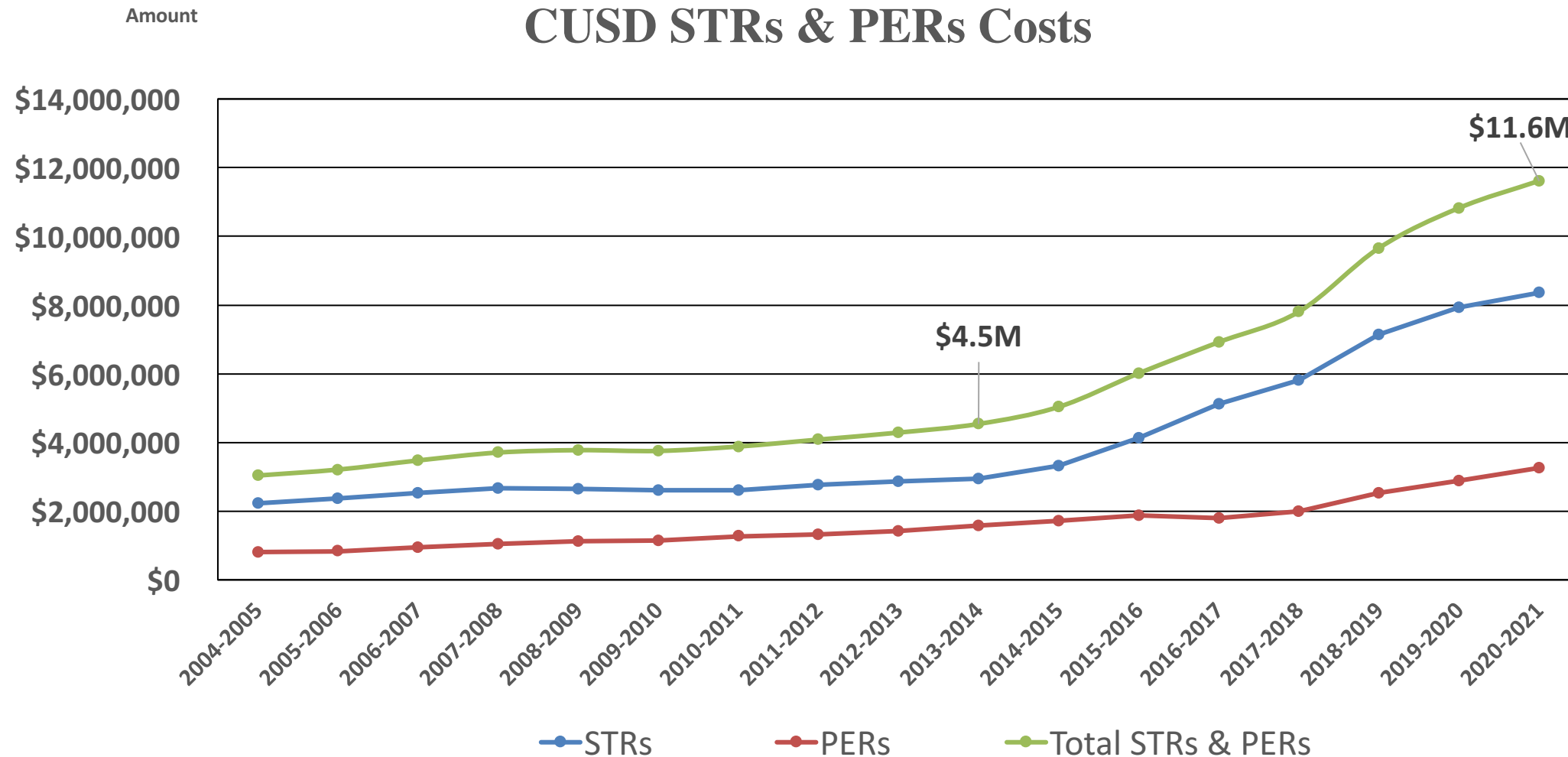
# Challenges Ahead

## Special Education Cost Increase



# Challenges Ahead

- State retirement pension cost increases



# Challenges Ahead

- The economy continues to outperform expectations, but the recovery from the Great Recession is in its tenth year and some fear a downturn is looming
- UCLA economists forecast a “3-2-1” economy; 3% growth in 2018, 2% growth in 2019 and 1% growth in 2020
- As the economy slows, the chances of a recession increase
  - One-sixth chance of a recession in 2019
  - One-third chance of a recession in 2020

# The Fix for 2019-20

- Reduce Cost
  - Class Size (Current K-3; 22/23-to-1, Bring to 24-to-1)
  - Counselor CASSY Program (May be funded by new grant)
  - Special Education costs
  - Transportation costs
  - School Budget (5%)
  - Custodian/ Clerical
- Increase Revenues
  - Campbell Care
    - No waiting list
  - Facility rental
- Total Adjustments \$2,000,000

# Next Steps

- State level
  - Budget committee hearings
  - Next update – May Revision on or before May 15
- Local level
  - Second Interim report due by March 19, 2019